



The Budget 2025/2026

Monitoring Report

30 June 2025 – Quarter 1

**Carl Holland
Assistant Director Finance
Deputy Section 151 Officer**

The Budget Monitoring Report 2025/2026: 30 June 2025 – Quarter 1

1. Introduction and Summary

This report provides an assessment of the council's financial performance against its 2025/2026 approved budget, incorporating key financial risks, issues, and opportunities since 1 April 2025 for revenue and capital items. The year-end forecasts take into consideration emerging data from service managers along with actual income and expenditure from 1 April 2025 to 30 June 2025.

The key sections of the report are laid out as follows:

- General Fund (Revenue) – Section 2 and Appendix A
- Capital – Section 3 and Appendix B
- Reserves – Section 4

Risks and Key Items

Following Norfolk being accepted onto the Governments Devolution Priority Programme, Council Leaders and Officers from across the Norfolk councils are working together on Local Government Reorganisation proposals. This continues to progress at pace in order to achieve the requirements and timeframe outlined by MHCLG. With full proposals being required to be submitted by 26 September 2025, there is ongoing uncertainty surrounding the impact this may have on the authority.

As of June 2025, inflation is at 3.6%, which is above the 2% target level set by Government. The lasting effect from inflation on individuals and businesses is being monitored in terms of impacts:

- from increasing revenue costs and demand for the Council's services,
- risk to recovery of monies collected by the Council and
- risk that could delay and/or increase the cost of capital projects.

At the end of Quarter 1, the Bank of England base rate remained at 4.25%, following a reduction from 4.5% in May 2025.

The Council set its original budget for Revenue and Capital at its meeting of 27 February 2025. The following table shows a summary of the forecast revenue position for the year based on information arising from the period to 30 June 2025:

Table 1

Revenue	Approved budget 2025/2026	Forecast budget position 2025/2026	Forecast Variance 2025/2026
	£	£	£
Borough Spend	26,128,470	25,980,120	(148,350)
Financing	(26,128,470)	(26,640,470)	(512,000)
Contributions to/(from) General Fund Reserve	-	660,350	660,350

The Council approved a balanced budget for the 2025/2026 financial year, as a result, there was no budget requirement for a contribution to/from the General Fund Reserve for the financial year. However, the current forecast position is estimating a £660,350 transfer to the General Fund Reserve.

This is a favourable movement of £660,350 against the original budget which will result in an increased balance in the General Fund Reserve as at 31st March 2026 of £10,678,920.

Included within the Medium-Term Financial Strategy the Council approved a Savings and Efficiency Plan with a target of £3.47m. Monitoring to Quarter 1 forecasts that this will be achieved and exceeded

by £199k. The forecast revenue net spend within table 3 to the report includes the relevant forecasts in line with the quarter 1 Savings and Efficiency Plan monitoring forecast.

Table 2 below shows a summary of the forecast capital position for the year based on information arising from the period to 30 June 2025:

Table 2

Capital	Approved budget 2025/2026	Rephased budget 2025/2026	Actual as at 30th June 2025	Spend Percentage
	£	£	£	%
Tier 1: Major Projects	35,389,470	41,321,250	5,053,061	12%
Tier 2: Operational Schemes	4,952,570	6,597,410	552,129	8%
Subtotal	40,342,040	47,918,660	5,605,190	12%
Tier 3: Pipeline Schemes	2,629,530	2,609,030	-	-
Total Including Exempt	42,971,570	50,527,690	5,605,190	11%

There are three projects currently under Tier 3 which are ready to commence. It is therefore asked of cabinet to approve these projects, detailed below, into Tier 2.

Project specific information can be found in appendices C - E

Project	Budget
Resort - Visitor Digital Sign	£50,000
Sewage Treatment Works/Public Sewer	£28,000
ICT Development Programme	£500,000

This process has been reviewed following recent requests to commence projects in Tier 3. The Council's Monitoring Officer has provided a clarification in line with the Scheme of Delegation in Section 3 of the report.

If further information is required regarding this report, please do not hesitate to contact Carl Holland (Interim Assistant Director – Finance and Deputy S151 Officer).

2. Revenue Budget 2024/2025

The budget for 2025/2026 was presented to Cabinet on 4 February 2025 and approved by Council on 27 February 2025 in accordance with the process for approving the Medium-Term Financial Plan 2024/2029.

A summary of the budget position as at 30 June 2025 is shown below in Table 3. Further detail of the movements can be seen in Appendix A.

Table 3

Q1 Forecast Outturn Position	Approved budget 2025/2026	Forecast budget position 2025/2026	Forecast Variance 2025/2026
Service	£	£	£
Corporate Services (previously Central Services)	4,334,330	4,334,330	-
Chief Executive	55,000	55,000	-
Environment and Planning	2,618,640	2,521,850	(96,790)
Health Wellbeing and Public Protection	489,400	489,400	-
Legal, Governance and Licensing	2,286,990	2,286,990	-
Leisure and Community Facilities	1,805,420	1,805,420	-
Operations and Commercial	454,880	433,320	(21,560)
Programme and Project Delivery	(579,290)	(629,290)	(50,000)
Property and Projects	(1,395,780)	(1,395,780)	-
Regeneration Housing & Place	1,560,320	1,580,320	20,000
Resources	8,226,140	8,226,140	-
Financing Adjustment	2,542,640	2,542,640	-
Internal Drainage Boards	3,729,780	3,729,780	-
Borough Spend	26,128,470	25,980,120	(148,350)
Contributions to/(from) General Fund Balance	-	660,350	660,350
Borough Requirement	26,128,470	26,640,470	512,000
Revenue Support Grant	(1,052,270)	(1,052,270)	-
New Homes Bonus	(293,360)	(293,360)	-
Other Government Grants	(1,147,680)	(1,496,680)	(349,000)
Business Rates	(14,971,290)	(14,971,290)	-
Council Tax	(8,663,870)	(8,826,870)	(163,000)
Total Funding	(26,128,470)	(26,640,470)	(512,000)
Funding Position	-	-	-

3. Capital Budget and Spend 2025/2026

The Capital outturn for 2024/2025 was presented to Cabinet on 24 July 2025. The report provided the updated capital programme based on the outturn position of 2024/2025. The meeting approved rephasing and amendments to projects with balances to be brought forward to 2025/2026. This has been applied to the revised budget 2025/2026 in table 4 and is the basis of reporting going forwards in 2025/2026.

A summary of the position as of 30 June 2025 for the capital programme is shown below in Table 4. A further breakdown of the capital programme is included at Appendix B.

Table 4

Capital Expenditure	Approved budget 2025/2026	Rephased budget 2025/2026	Actual as at 30th June 2025	Spend Percentage
	£	£	£	%
Tier 1: Major Projects				
Enterprise Zone (Property and Projects)	-	448,460	103,992	23.19
Major Housing Development (Companies and Housing)	26,877,440	23,983,370	4,547,602	18.96
Other Major Projects	8,512,030	16,889,420	401,467	2.38
Total Tier 1	35,389,470	41,321,250	5,053,061	12.23
Tier 2: Operational Schemes				
Health, Wellbeing & Public Protection	2,477,500	2,620,160	348,048	13.28
Leisure and Community Facilities	82,480	287,480	-	-
Operational and Commercial	2,153,670	3,275,450	115,020	3.51
Programme and Projects	150,000	36,300	32,609	89.83
Property and Projects	22,700	53,430	320	0.60
Resources	50,000	324,590	56,132	17.29
Corporate Services	16,220	-	-	-
Total Tier 2	4,952,570	6,597,410	552,129	8.37
Tier 3: Operational Schemes				
Health, Wellbeing & Public Protection	86,850	86,850	-	-
Leisure and Community Facilities	390,000	383,000	-	-
Operational and Commercial	568,150	494,150	-	-
Property and Projects	376,470	406,970	-	-
Regeneration, Housing & Place	241,060	241,060	-	-
Resources	800,000	800,000	-	-
Corporate Services	0	0	-	-
Subtotal	2,462,530	2,412,030	-	-
Exempt schemes	167,000	197,000	-	-
Total Tier 3	2,629,530	2,609,030	-	-
Total Capital Programme	42,971,570	50,527,690	5,605,190	11.09

The procedural framework in the Council's Capital Strategy (extract shown at Appendix F) outlines the three-tier structure of our capital programme, ensuring thorough planning, execution, and monitoring of all capital projects from development through to major project completion.

The finance process involves requesting approval to implement the capital project by completing the Request to Proceed with the Capital Project form and submitting it to Finance where this will then be subject to approval by the Chief Finance Officer under the Scheme of Delegation. This is Cabinet where it is a key decision or Council if amendments are required to the approved Capital Programme. Once approved the project will be promoted to Tier 1 or 2 of the Capital Programme depending on whether the project is classed as a major project or not.

4. Reserves

The main reasons the Council holds reserves are to:

- Manage known financial risks.
- Hold funding as one-off contributions to expenditure, allowing ongoing revenue budget reductions.
- Manage timing difference between the receipt of funding and actual spend.
- Hold ring-fenced funds such as specific grants.

Table 5 below shows the estimated impact to the General Fund Reserve balance based on the current forecast position:

Table 5

Projected Movements in General Fund Reserve Balance	2025/2026 £
Balance brought forward 1 April 2025 (pre audit)	8,208,570
Estimated contribution to/(from) General Fund Reserve	660,350
Pension lump sum replenishment	1,810,000
Projected General Fund Balance 31 March 2026	10,678,920

The General Fund Reserve Balance is used to support the revenue budget as set out in the Medium-Term Financial Plan. However, the council also holds a number of earmarked reserves which are held for specific purposes. Table 6 shows the budgeted movements to/(from) earmarked reserves and provides notes in respect of any in year movements against these reserves for the period to 30 June 2025.

Table 6

Reserves	Opening balance 1 April 2025	Budgeted movement To/(From) Revenue	In year movement To/(From) Revenue	Note	Forecast Outturn Balance 31 March 2026
Ring Fenced Reserves					
Amenity Areas	(52,195)	-	-		(52,195)
Capital Programme Resources	(825,857)	520	-		(825,337)
Collection Fund Adjustment Reserve	(4,153,779)	-	-		(4,153,779)

Reserves	Opening balance 1 April 2025	Budgeted movement To/(From) Revenue	In year movement To/(From) Revenue	Note	Forecast Outturn Balance 31 March 2026
Grants Reserves	(1,803,500)	46,010	-		(1,757,490)
Holding Accounts	(374,296)	-	-		(374,296)
Other	(144,025)	(57,240)	-		(201,265)
Planning Reserves	(183,972)	(22,390)	-		(206,362)
Repairs and Renewal Reserves	(662,242)	(50,640)	-		(712,882)
Ring Fenced Reserves	(7,332,432)	(1,035,720)	-		(8,368,152)
Educational Skills Attainment	(187,902)	80,000	-		(107,902)
Sub Total	(15,720,200)	(1,039,460)	-		(16,759,660)
Risk Management					
Capital Programme	(64,413)	-	-		(64,413)
Holding Accounts	(30,003)	-	-		(30,003)
Insurance	(204,908)	(79,080)	-		(283,988)
Planning Reserves	(22,947)	-	-		(22,947)
Ring Fenced Reserves	(45,155)	-	-		(45,155)
Sub Total	(367,426)	(79,080)	-		(446,506)
Service Delivery					
Capital Programme Resources	(3,746,036)	(2,412,380)	41,487	1	(6,116,929)
Climate Change Strategy	(679,276)	334,350	-		(344,926)
Grants Reserves	(1,779,422)	(101,000)	8,495	2	(1,871,927)
Holding Accounts	(2,221,598)	(53,000)	5,000	3	(2,269,598)
Planning Reserves	-	-	(526,366)	4	(526,366)
Project Reserves	(4,128,674)	205,000	-		(3,923,674)
Repairs and Renewal Reserves	(1,249,601)	7,870	-		(1,241,731)
Restructuring Reserve	(120,049)	-	-		(120,049)
Ring Fenced Reserves	(138,674)	21,000	2,000	5	(115,674)
Sub Total	(14,063,331)	(1,998,160)	(469,384)		(16,530,875)
Grand Total	(30,150,956)	(3,116,700)	(469,384)		(33,737,040)

The above table shows various movements to the reserves in year:

Budgeted Movements to/from reserves total £3,116,700: Movements to/from reserves which were included within the approved budget

In year movements to/from revenue total £469,384: This balance accounts for other movements to and from reserves during the year of £56,982, as well as the additional transfer to reserves of £526,366, following the presentation and approval of the outturn report for 2024/2025 to Cabinet on 24th July 2025.

Notes to Reserves movements

Note 1: Capital Programme Resources

£8k transfer from reserves to cover the cost of coastal repair works and floodgates. £33 transfer from reserves for the provision of CCTV Software licensing upgrade.

Note 2: Grants Reserves

Transfer from reserves to cover the cost of the Collection Fund Suite subscription £9k for 2025/2026.

Note 3: Holding Accounts

Transfer from reserves to fund one off MoonCup project £5k

Note 4: Planning Reserves

£526,366 transfer to reserves following 2024/2025 Outturn report

Note 5: Ring Fenced Reserves

Transfer from reserves toward cost of RAF Marham Tea Party £2k

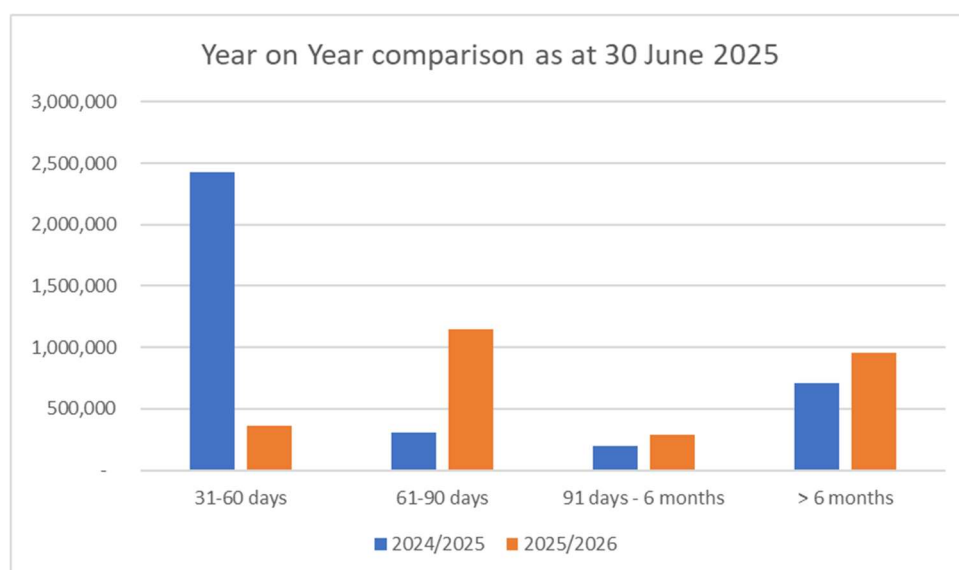
5. Age Debt Analysis

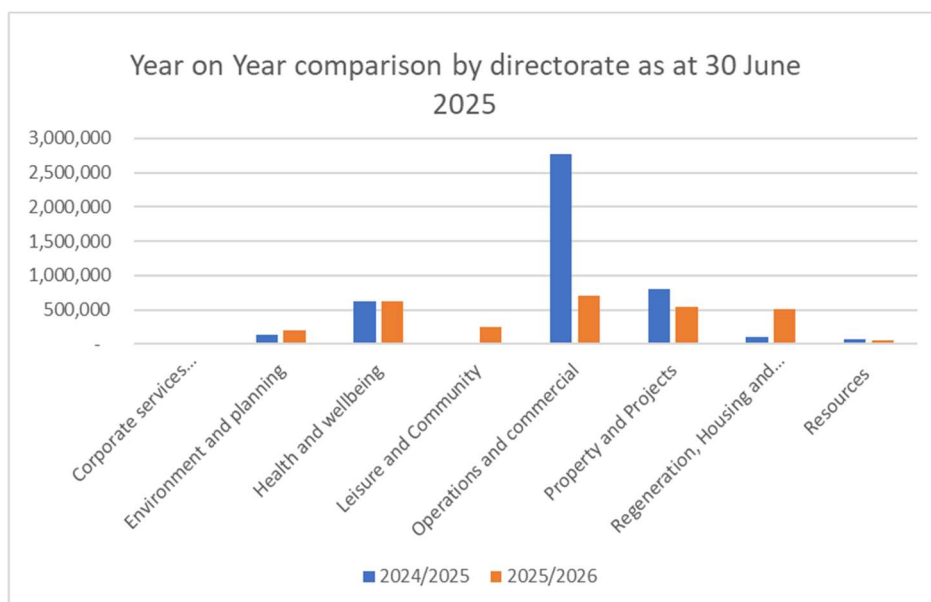
The effective management and collection of debt is an essential contributor to the councils' financial resources. Debt recovery levels can be volatile and at risk especially when there is economic financial instability.

Sundry Debtors Arrears Monitoring

Data for performance reporting continues to be developed in conjunction with a review of the corporate policy on debt recovery.

The first table below shows the comparison of overdue debt between 2024-25 and 2025-26 as at 30 June in each year based on age. The second table shows the comparison at directorate level.



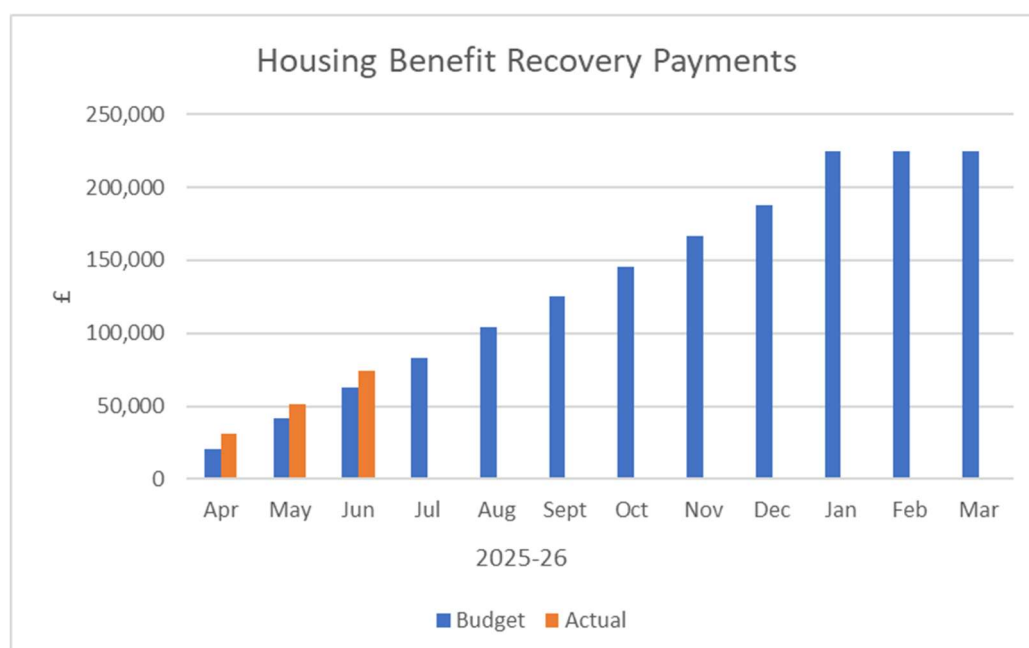


In summary, robust reminder and targeted recovery processes are maintained. Monitoring is not indicating a material concern for debts in arrears.

Housing Benefit Overpayment Recovery Monitoring

In relation to Housing benefits overpayment recovery, the target as of 30 June 2025 is £62,490 and £74,484 has been raised in invoices.

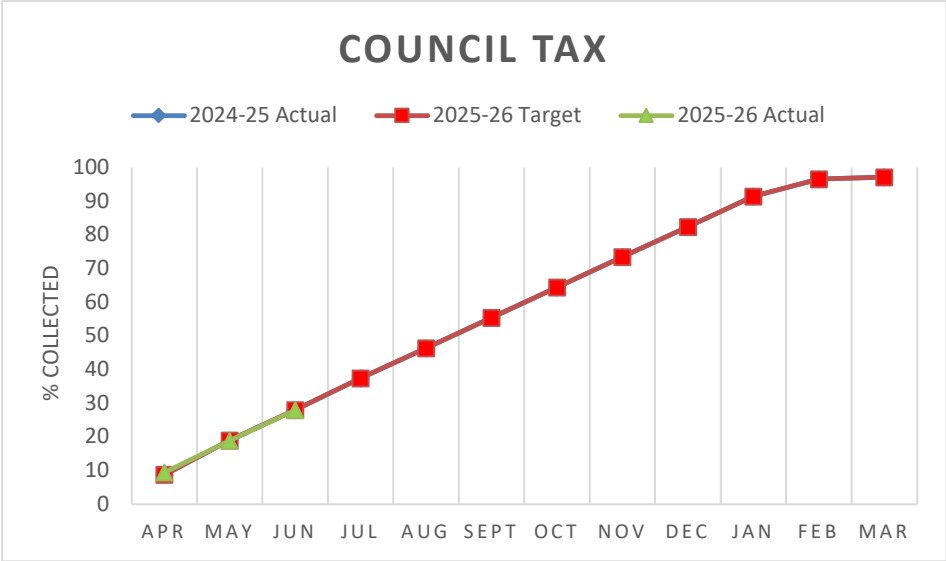
See table below showing monthly performance against budget for 2025/2026.



6. Council Tax and Business Rates

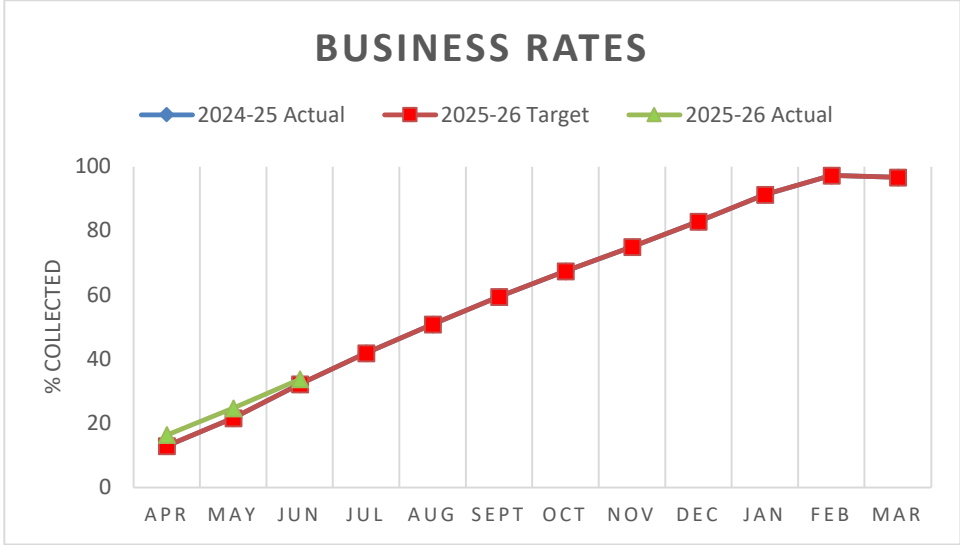
As of 30 June 2025, 27.94% of council tax has been collected against the target of 27.98% which was the percentage the same time last year. See Chart below with comparison.

Table 7



33.74% of business rates has been collected against the target of 32.18%, which was the percentage the same time last year. See chart below with comparison.

Table 8

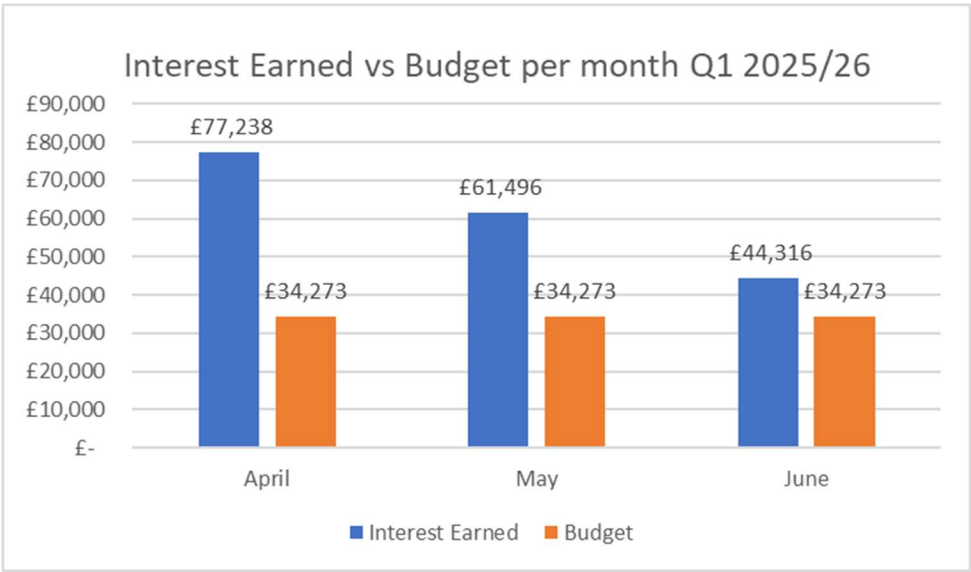


7. Treasury management 2025/2026

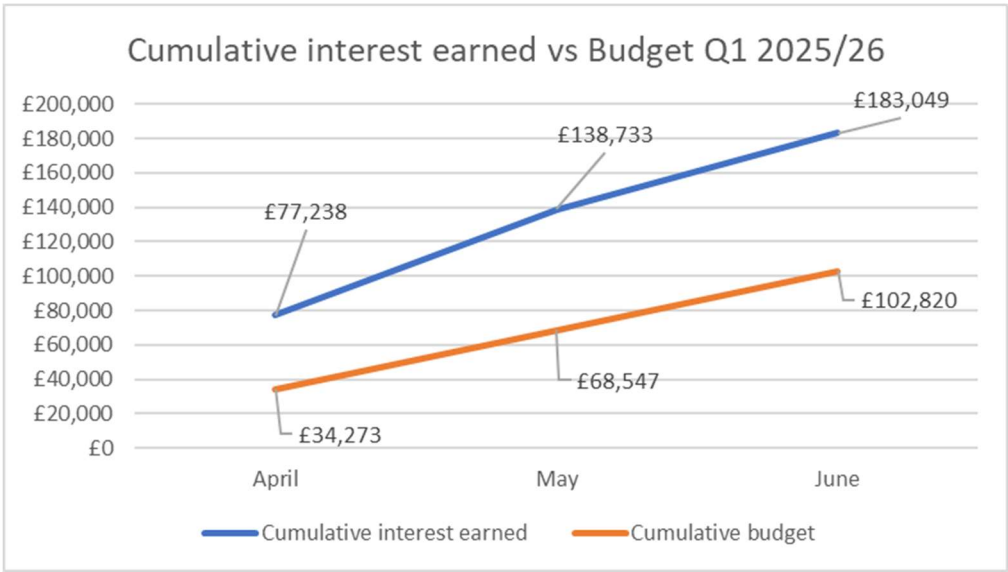
The “Treasury Management Strategy Statement and Annual Investment Strategy 2025/2026 was approved by Council on 27 February 2025. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.

In Quarter 1 income generated from investments is higher than originally expected. This is due to institutes paying a higher rate of return, as the Bank of England base rate has remained above where economists predicted it to be. The council builds its investment income estimate around this core data.

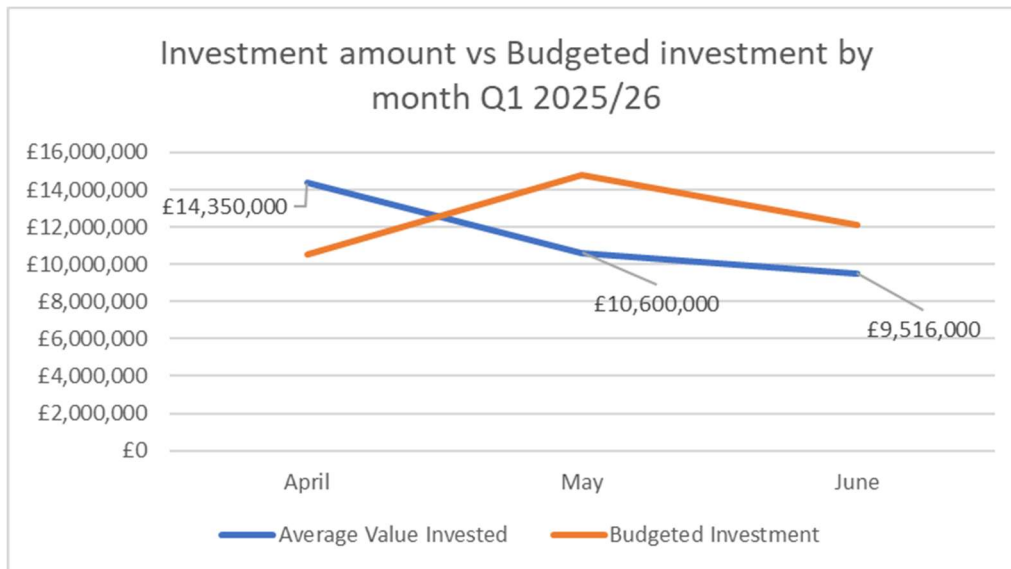
The graph below compares the interest earned each month to the forecasted budget:



The graph below compares the cumulative interest earned and forecasted budget:



The graph below compares the average value invested each month to the forecasted budget:



The below tables update on movements in borrowing and investments during the period:

Loans

Institution	Principal £	Rate %
Public Works Loan Board	20,000,000	4.860%
Total Short Term	20,000,000	
Barclays	5,000,000	3.810%
Barclays	5,000,000	3.810%
Total Long Term	10,000,000	
Total Borrowing	30,000,000	

Investments

Institution	Principal £	Rate %
BNP (Banque Nationale de Paris) – MMF	2,150,000	4.270%
LGIM - MMF	2,830,000	4.326%
Total Money Market Fund Investment	4,980,000	
Handlesbanken	1,260,000	3.950%
South Ayrshire Council	4,000,000	5.650%
Total Other Investments	5,260,000	
Overall Investments	10,240,000	

8. Conclusion

The primary objective of this report is to monitor service area performance against allocated budgets and to consider variances to the budget figure in the light of current circumstances.

Careful budgetary control throughout the year ensures that resources are applied as planned, fulfilling the goal to secure the long-term economic future of the borough. Budgetary control is applied in a consistent manner across all budgets, and individual decisions to be taken during the financial year are reviewed for impact on a case-by-case basis before they are taken, so that any identified impact can be considered and taken into account at the appropriate time.

The content of this budget monitoring report is designed to enable councillors and senior officers to see the financial position of the Council as a whole, as required by the Local Government Act.